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Internal Revenue Service
District Director

Department of the Treasury

Date: JUN 02 1998

CERTIFIED MAIL

Dear Sir or Madam:

Your exemption from Federal income tax as an organization described in section 501(c)(3) of the Internal Code (Code) has been considered in our examination of your Form 990 for the taxable year ended

Your organization was determined to be exempt from Federal income tax under section 501(c)(3) of the Code on You were granted an exemption as a public charity to operate low income apartments and homes for the elderly and retirees. Also, your organization was classified to be a public charity described in section 509(a)(1) and section 170(b)(1)(A)(vi) of the Code.

During the examination it was discovered that the only source of the organization's income came from two unrelated business activities. The debt-financed property income was received from the which was donated from the organization's two officers' % shares in and the profit realized from the sale of land in Your organization did not receive any other contributions from public or government funds. From to the present, your organization has not conducted any exempt activity or accomplished any charitable purposes.

Section 501(c)(3) of the Code and section 1.501(c)(3)-1(c)(1) of the Income Tax Regulations state that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of the exempt purposes specified in section 501(c)(3) of the Code.

You have agreed to these findings by signing Form 6018 (Consent to Proposed Adverse Action).

Accordingly, this letter constitutes your formal notification of the revocation of your exemption from Federal income tax under the provisions of section 501(c)(3) of the Code.

If you decide to contest this determination in court, you must initiate a suit for a declaratory judgment in the United States Tax Court, the United States Claims Court or the District Court of the United States for the District of Columbia before the 91st day after the date this determination was mailed to you. Contact the clerk of the appropriate court for rules for initiating suits for declaratory judgment.

Contributions made to you are no longer deductible by donors under the provisions of section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are no longer deductible for Federal estate and gift tax purposes under the provisions of section 2055, 2106, and 2522.

You are required to file Federal income tax returns on Form 1120 (U.S. Corporation Income Tax Return) for the taxable years ending and forward with the Internal Revenue Service Center,
S__.

The appropriate officials of the State of _____ are being notified of this final determination in accordance with the provisions of section 6104(c) of the Code.

Sincerely yours,



Steven A. Jensen
District Director